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Letter No. 2237

November 7, 1985

PRIVATE
EXPORTERS
REPORT USSR
SALES

On Nov. 1, private exporters reported to the U.S. Department of Agriculture the export sales of 250,000 metric tons of corn for delivery to the USSR during the 1985-86 marketing year. Sales of wheat and corn to the USSR for delivery during the third year of the agreement - Oct. 1985 to Sept. 30, 1986 - now total 3,077,800 tons, of which wheat is 150,000 tons and corn is 2,927,800 tons.

WHEAT
EXPORT
FORECAST

The 1985/86 U.S. wheat export forecast fell sharply because of depressed world import demand, ample competitor supplies and lagging sales to a number of destinations, according to the U.S. Department of Agriculture. Accumulated exports and commitments as of Oct. 17 were 13.475 million metric tons as compared to 27.349 million tons one year before. Wheat shipments in the 4-week period ending Oct. 17 totaled 2.188 million tons, up almost 25 pct. from last month, but over 50 pct. behind last year's level.

EC SELLS
TO USSR

The Soviet Union has apparently purchased 1.2 million tons of soft French wheat for Oct.-Dec. delivery and there is speculation that the Soviets may also have bought some wheat for Jan./March delivery, according to the U.S. Department of Agriculture. European Community export licenses are nearly at last year's high level of 4 million tons, an indication that EC exporters expect to move large quantities of wheat into the Soviet Union.

EC WHEAT
REBATE

The European Community opened a special rebate of 80 ECU's per ton that's about \$70 - for an indefinite quantity of soft wheat exports to Algeria, Morocco, and Tunisia. The rebate for exports elsewhere is 75 ECU's. According to the U.S. Department of Agriculture the move is viewed as an attempt by the European Community to match or beat U.S. wheat export prices to the countries targeted under the U.S. export enhancement program.

U.S. CORN
SHIPMENTS &
SALES

Corn shipments of 2.3 million tons in the 4-week period ending Oct. 17 were slightly above the previous month's total, while new sales of 2.6 million tons were at the same level as last month, according to the U.S. Department of Agriculture. Taiwan, Japan and the Soviet were the major buyers, while these same countries along with Egypt and Portugal were the primary destinations.

CCC INT. RATE -
8 PCT.

Commodity loans disbursed in Nov. by the U.S. Department of Agriculture's Commodity Credit Corporation will carry an 8 pct. interest rate. The new rate is the same as in effect for October.

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USSR
DEEPENING
ARG. PORT

Increased USSR wheat imports from Argentina could result from a joint Soviet-Italian proposal to improve and expand Argentina's major Atlantic port of Bahis Blanca, according to the U.S. Department of Agriculture. The plan, reportedly an effort by the Soviets to improve their balance of payments position with Argentina, calls for deepening the port so it could handle the Soviet's huge 100,000 ton "Panamax" ships. The Italians would assume management and detailed engineering on new wharfs, grain elevators and storage silos. The Soviets have indicated they would accept payment of their share of projected costs in grain shipments spread over several years.

USSR DEMAND FOR
FEED GRAINS -
REDUCED?

The Soviet demand for feed grains could be reduced in Oct.-Sept. 1985/86 by a near record forage crop and unprecedented haylage and silage procurement, according to the U.S. Department of Agriculture. Reports cite greater input usage as one factor responsible for increased forage production, and state that the Soviets plan to continue to allocate even more inputs (fertilizer, irrigation supplies, etc.) to forage production in the future. The Soviets are currently forecast to import 17 million tons of coarse grains in 1985/86, down substantially from a record 28 million tons in 1984/85.

FEED GRAINS
FOR WESTERN
EUROPE

As a result of drought-reduced pasture and forage crops, demand for feed grains will likely expand while exportable supplies shrink in key southern European countries, according to the U.S. Department of Agriculture. Spain may be forced to curtail its aggressive export programs short of its goal of 2 million tons of barley. Portugal, an important U.S. customer for feed grains, may be forced to import additional supplies. The European Community which has abundant stocks of barley and feed quality wheat, may have less of those grains available for export.

OCT. INDEX
OF PRICES
RECEIVED

The October Index of Prices Received by Farmers for All Farm Products increased 2 points from Sept. to 123 pct. of its Jan.-Dec. 1977 average, according to the U.S. Department of Agriculture. Higher prices for cattle, hogs, milk, turkeys and cotton were partially offset by lower prices for boilers, corn, grapefruit and soybeans. The index was 15 points - that's 11 pct. - below a year ago.

OCT. INDEX
OF PRICES
PAID

The October Index of Prices Paid by Farmers for Commodities and Services, Interest, Taxes, and Farm Wage Rates was 162 pct. of its 1977 average, according to the U.S. Department of Agriculture. This was unchanged from a month earlier but one point lower than in Oct. 1984. A decrease in the feed component from a month ago and the normal seasonal decline in the fertilizer component were offset by increases in the feeder livestock and family living components.

MISS. MOVES
UP

Mississippi has moved up to a class B rating in the national campaign to eradicate cattle brucellosis, according to the U.S. Department of Agriculture. To qualify for a class B rating, which indicates a moderate rate of infection, a state must keep its herd infection rate below 1.5 percent for 12 months.

FROM OUR
TELEVISION
SERVICE

U.S. WEATHER OUTLOOK...Cooler temperatures and wet conditions in parts of the U.S. have had their effects on crops in terms of harvesting as well as planting conditions. USDA chief meteorologist Dr. Norton Strommen gives an update on the current weather outlook. DeBoria Janifer interviews. (506)

WEATHER PATTERN CHANGES IN FLORIDA...USDA chief meteorologist Dr. Norton Strommen discusses Florida's cooler temperatures and their effect on the Florida citrus industry. DeBoria Janifer interviews. (507)

FmHA GUARANTEED LOAN PROGRAM CHANGES...The U.S. Department of Agriculture's Farmers Home Administration recently announced major changes in the agency's guaranteed loan programs. Jack Hertzler with USDA's Farmers Home Administration talks about these changes. DeBoria Janifer interviews. (508)

GENERAL AGREEMENT ON TARIFFS AND TRADE - I...USDA economist Stephen Sposato discusses the purpose of the General Agreement on Tariffs and Trade or GATT, and its importance to the U.S. Vic Powell interviews. (509)

GENERAL AGREEMENT ON TARIFFS AND TRADE - II...USDA economist Stephen Sposato continues his discussion on the importance of GATT to U.S. agriculture, including the upcoming round of GATT talks next year to take action on trade problems. Vic Powell interviews. (510)

SHARP DECLINE
IN EXPORTS

The sharp decline in U.S. agricultural exports during fiscal 1985 was most pronounced in wheat, rice, corn, soybeans, soybean meal, soybean oil and cotton, reports the U.S. Department of Agriculture. The most substantial year-to-year declines were associated with exports of wheat, soybeans and corn, principally due to unit value and volume declines of both corn and soybeans and a 32 pct. drop in the volume of wheat shipments. Such declines were partially offset by gains in shipments of dairy products, seeds, unmanufactured tobacco and peanuts.

AG IMPORTS
RECORD HIGH

Agricultural imports hit a record \$19.7 billion in fiscal 1985, up 4 pct. from \$18.9 billion in fiscal 1984 and 14 pct. above the previous high of 17.2 billion set in 1977, according to the U.S. Department of Agriculture. The import volume for fiscal 1985 was 19.7 million tons, up 9 pct. from fiscal 1984. Sugar and tropical product imports for 1985 were valued at \$7.2 billion, down from \$7.4 billion in 1984. Other imports included horticultural products, oilseed products, and livestock products.

FEES INCREASED
FOR TOBACCO
INSPECTION

The U.S. Department of Agriculture has increased the fees it charges for voluntary tobacco inspection performed by department personnel. The hourly rate during regular working hours will increase from \$20.45 to \$22.50. Fees for overtime service will increase from \$24.40 to \$26.60 an hour, and services performed on Sundays and holidays will be raised from \$30.50 to \$33.35 an hour.

OFF MIKE

Jim Johnson was trapped at home for a couple of days by the Potomac River Flood. He could have ridden a log or a barn door down the Potomac all the way to his office...but he didn't. He said he'd see you at the NAFB meeting.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1484...Anyone who farms knows farming is not a game but one farmer has actually turned it into a game. Gary Crawford plays the game with its inventor.

AGRITAPE/FARM PROGRAM REPORT #1473...USDA news highlights; Talking turkey; Deer fences; GATT, the world trade court; Corn on the ground.

CONSUMER TIME #966...A financial counseling program; Back to home economics?; U.S. consumers buying more from overseas; What is junk food?; Grizzley bear country.

USDA RADIO NEWS SERVICE...Fri, Nov. 15, World sugar situation, Milk production report; Mon, Nov. 18, Cotton and wool situation, World Tobacco Situation, and World meat situation; Tues, Nov. 19, Agricultural outlook, Farm labor, Crop and weather update; Wed, Nov. 20, Oil crops outlook, Catfish production; Fri, Nov. 22, Cattle on feed and Red meat production. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. EDT each working day.

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